

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 SP-02 AID-05 EB-07 NSC-05 CIEP-01

TRSE-00 SS-15 STR-04 OMB-01 CEA-01 CIAE-00 COME-00

FRB-03 INR-07 NSAE-00 USIA-06 XMB-02 OPIC-03 LAB-04

SIL-01 L-03 H-02 PA-01 PRS-01 CU-02 IO-10 /099 W

----- 117581

R 251242Z SEP 75

FM AMEMBASSY PARIS

TO SECSTATE WASHDC 3463

INFO AMEMBASSY BELGRADE

AMEMBASSY BERLIN

AMEMBASSY BONN

AMEMBASSY BUCHAREST

AMEMBASSY BUDAPEST

USMISSION EC BRUSSELS

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USMISSION NATO

AMEMBASSY PRAGUE

AMEMBASSY SOFIA

AMEMBASSY WARSAW

C O N F I D E N T I A L PARIS 24798

E.O. 11652: GDS

TAGS: EEWT, HU, FR

SUBJECT: DESTREMAU VISIT TO BUDAPEST: FOCUS ON
ECONOMIC PROBLEMS

1. SUMMARY: QUAI CHIEF EASTERN EUROPEAN AFFAIRS
LEQUERTIER TELLS US THAT VISIT STATE SECRETARY
DESTREMAU TO HUNGARY SEPT 18-21 WAS DEVOTED PRIMARILY
TO "FRANK" EXCHANGE OF VIEWS ON INCREASINGLY DIS-
TURBING STATE HUNGARIAN-FRENCH PAYMENTS SITUATION. END
SUMMARY.

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2. LEQUERTIER EXPLAINED THAT DESTREMAU'S TRIP WAS

RESULT INVITATION HUNGARIAN FONMIN DURING LATTER'S JUNE VISIT TO FRANCE. ALTHOUGH INTERNATIONAL ISSUES WERE DISCUSSED, HUNGARIANS REPORTEDLY MADE NO EFFORT TO GO BEYOND ROTE REPETITION MOSCOW-APPROVED SLOGANS VARIOUS SUBJECTS. THIS PART DISCUSSION WAS THEREFORE "EXCEPTIONALLY UNPRODUCTIVE."

3. ON OTHER HAND FRENCH WERE ABLE TO USE MEETINGS FOR RATHER INTENSIVE REVIEW INCREASINGLY UNSATISFACTORY TRADE AND PAYMENTS SITUATION BETWEEN FRANCE AND HUNGARY. HUNGARY, LEQUERTIER EXPLAINED, IS EE COUNTRY MOST DEPENDENT ON USSR FOR ENERGY RESOURCES AND HAS THEREFORE BEEN HARDEST HIT BY RECENT SUBSTANTIAL INCREASES SOVIET OIL PRICES. AS RESULT HUNGARY NOW HAS MAJOR TRADE DEFICIT WITH BOTH WESTERN AND COMECON TRADE PARTNERS, IN CONTRAST TO PREVIOUS YEARS WHEN IT WAS ABLE TO WORK TRILATERAL AND MULTILATERAL PAYMENTS DEALS. WHILE HUNGARY HAS EVEN WORSE PROBLEMS WITH OTHER TRADE PARTNERS, FROM FRENCH POINT OF VIEW PROBLEM IS BECOMING "UNSUPPORTABLE." LEQUERTIER ADDED THAT HUNGARY'S ECONOMIC BIND HAS ALSO HAD POLITICAL IMPLICATIONS, SINCE HUNGARY NOW SEEMS TO FEEL EVEN LESS ABLE TO DEVIATE FROM SOVIET POSITIONS ON VARIETY QUESTIONS THAN HAS BEEN CASE IN PAST.

4. FOR ALL THESE REASONS DESTREMAU DECIDED DISCUSS BILATERAL FRENCH-HUNGARIAN ECONOMIC PROBLEMS IN SOME DETAIL. HUNGARY PRESSED HIM HARD TO HAVE FRENCH OPEN THEIR MARKETS WIDER TO HUNGARIAN PRODUCTS. THEY ALSO EXPRESSED CONCERN ABOUT POSSIBLE NEW COMMON MARKET RESTRICTIONS ON PRODUCTS SUCH AS HUNGARIAN MEAT. ON ALL THESE SCORES DESTREMAU SAID HE WOULD DO WHAT HE COULD. HOWEVER, HE ALSO SUGGESTED THAT START OF NUMBER OF NEW FRENCH-HUNGARIAN JOINT INDUSTRIAL PROJECTS INVOLVING PRESENCE FRENCH PERSONNEL IN HUNGARY PRESENTED MORE PROMISING APPROACH FROM FRENCH VIEWPOINT. AS PRACTICAL MATTER THERE IS NOT MUCH REAL PROSPECT INCREASING FRENCH DOMESTIC DEMAND FOR HUNGARIAN GOODS. HUNGARIANS READILY AGREED. EVEN SO QUAI DOUBTS WHETHER MANY SUCH PROJECTS WILL SOON

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MATERIALIZE, SINCE FRENCH INDUSTRY IS IN FACT NOT ENTHUSIASTIC.

5. THERE WERE ALSO SOME ROUTINE DISCUSSIONS OF FRENCH-HUNGARIAN CULTURAL RELATIONS, WHICH, BY CONTRAST SEEM TO BE GOING RATHER WELL.
RUSH

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: MEETING AGENDA, ECONOMIC CONDITIONS, MINISTERIAL VISITS
Control Number: n/a
Copy: SINGLE
Draft Date: 25 SEP 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: ElyME
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975PARIS24798
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D750332-1183
From: PARIS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750917/aaaaapdi.tel
Line Count: 114
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: ElyME
Review Comment: n/a
Review Content Flags:
Review Date: 22 APR 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <22 APR 2003 by BoyleJA>; APPROVED <01 OCT 2003 by ElyME>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: DESTREMAU VISIT TO BUDAPEST: FOCUS ON ECONOMIC PROBLEMS
TAGS: EEW, HU, FR, (DESTREMAU, BERNARD)
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006